

# House File 224 - Introduced

HOUSE FILE 224

BY WATTS

## A BILL FOR

1 An Act relating to the excise tax on diesel fuel used for  
2 nonhighway purposes.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 310.3, Code 2015, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. All funds received pursuant to section  
4 452A.83.

5 Sec. 2. Section 331.429, subsection 1, paragraph e, Code  
6 2015, is amended to read as follows:

7 e. Other moneys dedicated to this fund by law, including  
8 but not limited to sections 306.15, 309.52, 311.23, 311.29, and  
9 313.28, and 452A.83.

10 Sec. 3. Section 452A.3, subsection 6, Code 2015, is amended  
11 to read as follows:

12 6. a. For the privilege of operating motor vehicles or  
13 aircraft in this state, there is imposed an excise tax on the  
14 use of special fuel in a motor vehicle or aircraft.

15 (1) The tax rate on special fuel for diesel engines of  
16 motor vehicles other than fuel used in unlicensed vehicles,  
17 stationary engines, implements used in agricultural production,  
18 and machinery and equipment used for nonhighway purposes is  
19 twenty-two and one-half cents per gallon.

20 (2) The tax rate on special fuel for diesel engines of  
21 motor vehicles used in unlicensed vehicles, stationary engines,  
22 implements used in agricultural production, and machinery and  
23 equipment used for nonhighway purposes is the amount determined  
24 by subtracting twenty-two and one-half cents per gallon from  
25 the tax rate specified in subparagraph (1).

26 (3) The rate of tax on special fuel for aircraft is three  
27 cents per gallon.

28 (4) On all other special fuel, unless otherwise specified in  
29 this section, the per gallon rate is the same as the motor fuel  
30 tax.

31 b. Indelible dye meeting United States environmental  
32 protection agency and internal revenue service regulations must  
33 be added to fuel before or upon withdrawal at a terminal or  
34 refinery rack for that fuel to be exempt from tax and the dyed  
35 fuel may be used only for an exempt purpose.

1     Sec. 4. Section 452A.17, subsection 1, paragraph a,  
2 subparagraph (4), Code 2015, is amended to read as follows:

3     (4) Fuel, other than special fuel for diesel engines  
4 of motor vehicles, used in unlicensed vehicles, stationary  
5 engines, implements used in agricultural production, and  
6 machinery and equipment used for nonhighway purposes.

7     Sec. 5. Section 452A.79, Code 2015, is amended to read as  
8 follows:

9     **452A.79 Use of revenue.**

10     Except as provided in sections 452A.79A, 452A.82, 452A.83,  
11 and 452A.84, the net proceeds of the excise tax on the diesel  
12 special fuel and the excise tax on motor fuel and other special  
13 fuel, and penalties collected under the provision of this  
14 chapter, shall be credited to the road use tax fund.

15     Sec. 6. NEW SECTION. **452A.83 Diesel fuel used for**  
16 **nonhighway purposes.**

17     1. The portion of the moneys collected under section  
18 452A.3, subsection 6, received on account of special fuel for  
19 diesel engines of motor vehicles used in unlicensed vehicles,  
20 stationary engines, implements used in agricultural production,  
21 and machinery and equipment used for nonhighway purposes shall  
22 be credited as follows:

23     a. Fifty percent shall be deposited in the secondary road  
24 fund of the counties created in section 331.429.

25     b. Fifty percent shall be deposited in the farm-to-market  
26 road fund created in section 310.3.

27     2. Notwithstanding any other provision of law to the  
28 contrary, the moneys deposited in the secondary road fund of  
29 the counties and the farm-to-market road fund pursuant to this  
30 section shall not result in a decrease in the amount of other  
31 moneys deposited in such funds by operation of law.

32                                   EXPLANATION

33             The inclusion of this explanation does not constitute agreement with  
34             the explanation's substance by the members of the general assembly.

35     Current law exempts fuel used in unlicensed vehicles,

1 stationary engines, implements used in agricultural production,  
2 and machinery and equipment used for nonhighway purposes from  
3 the excise tax on motor fuel. This bill removes special fuel  
4 for diesel engines from the exemption, and provides that  
5 special fuel for diesel engines used in unlicensed vehicles,  
6 stationary engines, implements used in agricultural production,  
7 and machinery and equipment used for nonhighway purposes shall  
8 be taxed at a rate that is 22.5 cents less per gallon than  
9 other special fuel for diesel engines. The current tax rate on  
10 special fuel for diesel engines is 22.5 cents per gallon.

11 The bill provides that of the moneys collected from  
12 the excise tax on special fuel for diesel engines used in  
13 unlicensed vehicles, stationary engines, implements used in  
14 agricultural production, and machinery and equipment used for  
15 nonhighway purposes, 50 percent shall be deposited in the  
16 secondary road fund, and 50 percent shall be deposited in  
17 the farm-to-market road fund. The moneys deposited in the  
18 secondary road fund and the farm-to-market road fund pursuant  
19 to the bill shall not result in a decrease in the amount of  
20 other moneys deposited in such funds by operation of law.